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ABSTRACT

Relationships among two measures of job satisfaction and one of organizational climate, among seven production and turnover indices of organizational effectiveness, and between the two sets of measures were investigated in 50 life insurance agencies (N=522). It was shown that: (1) climate and satisfaction measures are correlated for some people but not for others; (2) people agree more on the climate of their agency than they do on their satisfaction; (3) production and retention are uncorrelated but size is positively related to the former and negatively related to the latter; (4) ratings of agency effectiveness are highly related to gross agency size; and (5) satisfaction, but not climate, is correlated with retention. Implications of these data for research on climate and satisfaction as well as organizational change are discussed. (Author)

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SOME RELATIONSHIPS AMONG AND BETWEEN MEASURES OF EMPLOYEE PERCEPTIONS AND OTHER INDICES OF ORGANIZATIONAL EFFECTIVENESS

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effectiveness are highly related to gross agency size; and (e) satisfaction, but not climate, is correlated with retention. Implications of these data for research on climate and satisfaction as well as organizational change are discussed.

Some Relationships Among and Between Measures of Employee Perceptions and Other Indices of Organizational Effectiveness[1]

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The major purposes of this study were to concurrently examine (1) relationships among measures of job satisfaction and organizational climate, (2) relationships among more traditional criteria of organizational effectiveness (and their temporal reliability), and (3) examine the joint or common relationships between employee perceptions and these other criteria.

One notes that points (1) and (2) are problems that would generally be treated separately. Thus the question of the relationship between climate and satisfaction has received some recent attention (Guion, 1973; Johanneson, 1973) and the problem of conceptualizing and assessing organizational effectiveness has an honored tradition in industrial-organizational psychology (see Ronan & Prien, 1971 for a set of "classic" readings). However the joint relationships between employee perceptions (of their feelings of satisfaction and the climate of their organization) and more traditional indices of organizational success (production, turnover) have not been often explored (for an exception see Pickle & Friedlander, 1967).

Job Satisfaction and Organizational Climate

Although the quantity of studies dealing with job satisfaction is proliferate (Locke, 1973), the problems involved in the interaction of the conceptualization and measurement of job satisfaction are only recently beginning to be treated systematically in the empirical literature (Evans, 1969; Schneider

& Alderfer, 1973; Wanous & Lawler, 1972). The conceptualization of job satisfaction has been notably similar to, and at times overlapping, a more recent addition to the literature: the concept of work or organizational climate (Forehand & Gilmer, 1964; Guion, 1973). The amount of investigative attention paid to work climate does not parallel the number of studies dealing with job satisfaction, but the topic is far from being ignored (see Campbell, Dunnette, Lawler & Weick, 1970; and Hellriegel & Slocum, 1974 for reviews). This relative lack of attention given to climate has led some authors to suggest that the concept of climate should be, we believe inappropriately, engulfed by the concept of job satisfaction (Guion, 1973; Johanneson, 1973). Equating these two concepts, however, assumes necessarily that we understand what each is! Clearly, the literature relevant here has not been characterized by comprehensive conceptual analysis or by agreement with regard to conceptual definitions. Perhaps the introduction of a new concept like organizational climate can help clarify some of the issues in the older ideas of satisfaction. We propose the following distinctions (see Schneider, 1974):

Organizational climate is most adequately conceptualized as a summary perception which people have of (or about) an organization. It is, then, a global impression or what Schneider (1974) has called people's concepts of what the organization is. The global nature of organizational climate, however, in no way suggests that the concept is unidimensional. Many different classes of events or organizational conditions may contribute to the general conceptions people have of their organization. Thus each individual perceives or conceptualizes his organization in any number of ways depending upon the context. He may perceive the climate as work-oriented, and innovation-oriented, and supportive. Each such conception may be relevant to some criterion.

Most typically the classes of events (dimensions of climate) which have been isolated in empirical studies of climate have to do with what Schein (1970) calls Social Man. That is, the focus of interest has been on events and conditions with regard to the behaviors of the members of the organization towards each other ("management", "co-workers", etc., see Likert, 1967; Litwin & Stringer, 1968; Schneider & Bartlett, 1968).

Regardless of the dimension of climate under consideration, climate perceptions are perceptions of organizational events and conditions that occur in the work setting. Thus, much as meteorological climate includes temperature, humidity, amount of sunshine, etc., organizational climate may be composed of a number of sets of dimensions of environmental conditions. In addition, just as amount of precipitation as a dimension of meteorological climate may be assessed by reference to rain, snow, sleet, hail, etc., so too may a dimension of organizational climate be assessed by reference to a number of interrelated conditions. Thus organizational climate perceptions are descriptive of conditions that exist in the work environment (a possible example might be, "My co-workers keep up with international events"); the perceptions are not evaluative or affective (a possible example being, "I like the fact that my co-workers are well-read"). This latter type of perception is representative of perceptions of internal events, that is feelings, and is more properly conceptualized as satisfaction.

Job satisfaction is most adequately conceptualized as a personalistic evaluation of conditions existing on the job (work, supervision) or outcomes that arise as a result of having a job (pay, security). Job satisfaction is the perception of internal responses that arise as a result of processing information against some internal standard or frame of reference. Job satisfaction consists of filtered perceptions; perceptions filtered through the

individual's system of norms, values, expectations and so forth. Since job satisfaction studies have their roots in the more general studies of attitudes, it is instructive to note that while Thurstone conceptualized attitudes in a complex way he measured only affect: "attitude measurement theorists who followed Thurstone (e.g. Guttman, 1944; Likert, 1932) accepted this dimensional analysis of attitudes (by Thurstone) and the prepotence of the evaluative characteristic" (Ostrom, 1968, p.7).

Schneider (1974) has developed the distinction between climate and satisfaction and proposed a notion of climate grounded in Gestalt Psychology and Functionalism. The importance of his distinctions, and those made above, lead to a view of satisfaction as being more individually oriented and climate being more organizationally oriented. When satisfaction items are more nearly affect-oriented and climate items are more descriptively oriented: Hypothesis 1 - people in an organization should agree more on their description of the climate than on their feelings of satisfaction; Hypothesis 2 - there should be no necessary correlation between climate and satisfaction measures; i.e., those describing the organization as having more of something (more considerate supervision, more training, less conflict) should not necessarily be those who are more satisfied.

These hypotheses suggest something very important about the nature of research in organizations by psychologists: the confounding of levels of analysis (Weick, 1968). Early statements about climate were clear that the unit of analysis was the organization rather than the individual (Argyris, 1957; Forehand & Gilmer, 1964; Pace & Stern, 1958; Sells, 1968; Taguiri, 1968) yet the data on which Guion (1973) inferred that climate was a re-invention of the satisfaction wheel were from studies in which the unit of analysis was (predominantly) the individual (Johanneson, 1973; Pritchard & Karraskick,

1973). Both of these studies found seemingly strong relationships between climate and satisfaction (and Payne (1973) has questioned how "strong" Johanesson's (1973) relationships were) when climate was treated as an individual - rather than organizational differences variable.[3] Yet Hall and Schneider (1973) have shown that even when climate perceptions and satisfaction are both assessed at the individual level, the work climate of people has a dramatic effect on climate/satisfaction correlations. The level of data analysis in the present study will therefore be carefully monitored.

Other Indices of Organizational Effectiveness

We want to concentrate for a moment on the word other. In our conceptualization, organizations are effective or ineffective on a large number of dimensions. Some of these dimensions include the degree of structuring behavior new employees perceive managers to display, the satisfaction with pay secretaries and stenographers experience, volume of sales in an organization and the evaluation of an organization's effectiveness by those who have control over the future of the organization. All of these are elements of an organization's capacity to adapt to and exploit its larger environment (Schein, 1970; Seashore & Yuchtman, 1967).

There is nothing magical about any one index or characteristic of an organization that makes that index a "better" criterion. The same is true for criteria of individual effectiveness (Dunnette, 1963; Guion, 1961). Among others Bass (1952), Flamholtz (1971), Ghiselli and Brown (1955), Katz and Kahn (1966), Likert and Bowers (1969), Price (1968) and Seashore (1965) have urged an enlarged view of organizational effectiveness which includes employee perceptions and their feelings regarding the extent to which they are satisfied at work. In Lofquist and Dawis' (1969) terminology, criteria of organizational effectiveness should include the organization's satisfaction and that individual's

satisfaction; satisfactoriness and satisfaction.

Lofquist and Dawis (1969) spoke about the organization's satisfaction with the individual. In assessing organizational effectiveness, from whose vantage point do we assess a similar view? Pickle and Friedlander (1967) in a highly unusual and interesting study, assessed satisfaction with the organization from seven vantage points:

1. owner satisfaction
2. community satisfaction
3. government satisfaction
4. customer satisfaction
5. employee satisfaction
6. creditor satisfaction
7. supplier satisfaction

As might be expected from earlier literatures on dimensions of organizational or indiviudal effectiveness, some low correlations between some of these variables were found.

In addition to employee perceptions and employee satisfaction, in the present study we examined evaluations of the effectiveness of organizations by people in a position to control events in the organization. Thus the sample of organizations was 50 life insurance agencies and the ratings of agency effectiveness were accomplished by the six home office personnel most concerned with agency policy, including the chief officer, his three vice presidents, the director of new agent training and the vice president - personnel for the agencies.

The Reliability Question. Some might argue that employee ratings of the organization would be unreliable in that they probably represent only what the employee is interested in. This argument assumes that ratings by

managers or employees or, in our case, ratings of organizations by senior officers, are somehow less contaminated by personal desires. We were able to test this hypothesis by collecting data on each agency and its performance with respect to:

1. paid premiums (gross volume) for Ordinary Life
2. achieving production objectives
3. achieving appointment/retention of new agent objectives
4. agency turnover for one year for three classes of employees
5. per man production of premiums (average volume)

This permitted an evaluation of the probable bases the officers were using for their evaluations of the agency; i.e. to begin to understand their rating - or what have been called decision - policies (c.f. Brady & Rappoport, 1973).

The above is only one aspect of the reliability question. The second problem concerns the stability of so-called "hard" or "objective" data. This philosophy assumes that "if we have been counting it for a long time, it must be reliable". There seems to be a time perspective or a "squatter's rights" phenomenon to the assumed reliability of data which suggests that the longer it's been done, the less the need for evaluation. One would think that experiences in World War II with the zero reliability of the criterion for bombardier accuracy (Thorndike, 1949) would have convinced people of the potential unreliability of the "hardest" data. Perhaps Fiske (1951, p. 93) has put it best:

> "A 'criterion' is simply a label which we attach to something... Once the label is fastened on, we overlook the more or less subjective or arbitrary basis

for its choice; we ignore the value judgment required in selecting the criterion".

Since the word criterion is simply a label the fact that some data are ratings, others are production, others are turnover and still others are employee perceptions requires that they all meet acceptable measurement standards. The temporal reliability of all "other" criteria (except agency turnover) were assessed; for employee perceptions, internal consistency reliability estimates were calculated for each dimension.

Method

Samples

Questionnaire data were collected on a sample of 50 life insurance agencies (total N = 522) from managers (N = 45), assistant managers and supervisors (called "staff", N = 209), two kinds of agent trainees-atee 1 (N = 146) and atee 2 (N = 43)[4], and secretaries and stenographers (called secstens, N = 79). The respondents represent 70 percent of the original mailing with agent trainee response rate being 50 percent. This low rate of response for agent trainees has been reported in other companies (Schneider, 1972).

The sample from whom agency ratings of effectiveness were obtained has already been described.

Procedure - Questionnaire

A questionnaire containing five sections was mailed to each potential respondent after: (1) they had received a letter from the Operations Officer describing the project, (2) the project was written about in the company newspaper, and (3) the senior author had made a presentation (on a different topic) to about half of the managers of the sampled agencies. Three sections of the questionnaire are important for the present report: the climate measures and

two measures of job satisfaction.

Climate Measure. Climate was assessed with a short form of the Agency Climate Questionnaire - ACQ (Schneider & Bartlett, 1968, 1970; Schneider, 1972). The ACQ was developed on a sample of managers from different agencies and it should thus reflect organizational differences more than the typical climate measure which is developed on employees of the same organization. The ACQ assesses six dimensions of life insurance agency climate:

1. Managerial Support - manager consideration for agency personnel as people (Support).[5]

2. Managerial Structure - concern for accomplishing the job of selling; the importance of agency achievement (Structure).

3. Intra-agency Conflict - the presence of "in" and "out" groups (called Harmony in the present paper since a high score indicates lack of conflict).

4. New Employee Concern - the careful use of selection and training techniques (Concern).

5. Agent Independence - the independence of the agent from the agency (Autonomy).

6. General Satisfaction - the quality of the agent staff and how agency personnel socialize (Morale).

Job Satisfaction. Job satisfaction was assessed with the Job Descriptive Index - J.D.I. (Smith, et al., 1969). The J.D.I. assesses five dimensions of job satisfaction: Satisfaction with Work, Pay, Promotion Opportunities, Supervision and Co-workers.

Need Satisfaction. Need satisfaction was assessed with reference to Alderfer's (1972) theory of need satisfaction in organizational settings. A revision of Alderfer's measure (Schneider & Alderfer, 1973) was used to assess satisfaction with Existence (feelings of not having to worry about the basics

of life), Relatedness (feeling that relationships with others are characterized by mutual trust and respect) and Growth (feeling that one is a creative and productive person who is using his skills and abilities). Note that the two satisfaction measures were not explicitly designed to reflect only personal evaluations and feelings. They represent, however, two forms of satisfaction measures currently used in organizational settings.

Directions to the questionnaire were inside the front cover above where respondents were asked to complete some biographical information and sign their name. The general directions were explicit in distinguishing between the climate and satisfaction sections of the questionnaire.

"The third section of the questionnaire contains a list of statements about things that happen in (an agency). We need your help in understanding the extent to which each of the statements in this section is an accurate picture of (your agency). The fourth section of this booklet gives you an opportunity to express your opinions about various aspects of your job: the work you do, the pay you receive, your immediate superior and so forth. Section five, the last section, asks you to indicate your feelings of satisfaction about various experiences you have as an employee or agent of (your company)..."

In addition to these general directions, there were explicit directions accompanying each section. For climate, the directions were:

"This section of the questionnaire contains statements about things that might happen in (your agency). We need your help in understanding how characteristic each statement is of the things that happen in (your agency). We do not want to know how you would like things to be but how they are".

Responses were made on a five-point scale:

1 = never characteristic

2 = slightly

3 = sometimes characteristic

4 = considerably

5 = always characteristic

For the J.D.I. the standard directions were used. For need satisfaction, the directions were:

"In this last section of the questionnaire, we are interested again in how you view your work and work world. This time, however, we are interested in your feelings: the way you experience your job".

A five-point scale describing "the extent to which each of the following statements is an accurate description of your feelings" was used:

1 = totally accurate

2 = very

3 = generally accurate

4 = somewhat

5 = not at all accurate

For all analyses to follow, the scales for Existence, Relatedness, and Growth (ERG) have been reversed so a high number represents more satisfaction.

Procedure - Other Indices of Organizational Effectiveness

Agency Ratings. Each respondent was provided with a deck of 50 3 x 5 cards on which the name of the agency to be rated was typed. Respondents were asked to sort, in the researcher's presence and without consulting any records, the 50 agencies into 5 piles of cards. The piles represented a forced distribution of 3, 11, 22, 11, 3 shape and the sorting was to be accomplished on a "best to worst agency basis, taking everything and anything you want into account". The sorting task took about 15 minutes and was accomplished twice by each respondent; 15 months separated the two ratings.

Additional Indices

1. gross volume - Data on gross volume were obtained for each agency for the period 1966 - 1970, inclusive, or for as long as the manager was there if he was appointed after 1966.

2. achieving production - This is an index computed for each agency and represents the achievement of a premium dollar objective set for the agency. This objective is important to those managers who compete for participation in special conferences. Data were available on agencies for 1969 - 1971, inclusive.

3. achieving appointment - Another competition concerns the appointment and retention of new agent trainees. Actually there are three kinds of appointments made in this company so data were collected on all three and on the summary standing of the agency in the country for the years 1968 - 1970 inclusive (although a ranking, a high number indicates positive achievement).

4. agency turnover - Turnover data for all people in the agency were tabulated for the 12 months following administration of the questionnaire. Because there were few manager turnovers and few atee 2 turnovers, data are reported only for the other three groups.

5. average volume - This is a simple correction of gross volume by agency size (number of staff).

Results

Climate/Satisfaction Correlations - Individual Level Analyses

Table 1 presents the intercorrelations of the scale scores for the measure of climate (morale, concern, structure, autonomy, support, and harmony) and Spearman-Brown estimates of scale internal consistency reliability. These data indicate that while the climate scales are significantly related to each other, they have reasonable internal consistency and each dimension seems to

be assessing somewhat different characteristics of the agency work environment. The data in Table 1 are for 522 individuals.

Insert Table 1 about here

Table 1 also presents the corresponding scale intercorrelations and internal consistency reliability estimates for the JDI and the measure of need satisfaction (ERG). As with the climate scales, the JDI and ERG scales are significantly interrelated and have reasonable internal consistency. Further, these obtained scale intercorrelations and reliabilities quite closely mirror the initial validation data for each of these measures. (For the JDI, see Smith et al., 1969; for the ERG, see Alderfer, 1969). This result provides some indication that the present sample is comparable to previous samples on which these measures have been used.

Table 1 further presents the intercorrelations of the climate scale scores of the two measures of satisfaction and the intercorrelations of the two satisfaction measures. It can be seen that the climate scale scores are generally correlated more highly with each other ($\bar{r}$ = .34) than they are with the scale scores of the other measures (Climate/JDI $\bar{r}$ = .19; Climate/ERG $\bar{r}$ = .24). Further, unlike the climate scales which correlate more highly with each other ($\bar{r}$ = .34) than they do with the satisfaction measures, the scales of the two satisfaction measures are more strongly related to each other ($\bar{r}$ = .34) than either measure's scales are internally correlated (JDI, $\bar{r}$ = .27; ERG, $\bar{r}$ = .30).

More specifically, when climate and satisfaction <u>are</u> strongly related (e.g., Support/Supervision r = .55; Support/Co-Workers r = .33) the relevant satisfaction/satisfaction correlations are always stronger (e.g., Supervision/Relatedness r = .63; Co-Workers/Relatedness r = .45).

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Table 1

Scale Score Intercorrelations and Internal Consistency Reliability Estimates

(N = 522)

		A_1	B_1	C_1	D_1	E_1	F_1	A_2	B_2	C_2	D_2	E_2	A_3	B_3	C_3
Climate															
Morale	A_1	(77)													
Concern	B_1	40	(70)												
Structure	C_1	38	39	(63)											
Autonomy	D_1	41	50	29	(73)										
Support	E_1	43	55	30	45	(78)									
Harmony	F_1	17	14	13	06	29	(80)								
JDI															
Work	A_2	19	09	13	22	16	21	(84)							
Pay	B_2	12	07	15	00	10	17	17	(80)						
Promotion	C_2	11	14	16	15	15	22	30	29	(86)					
Supervision	D_2	23	29	22	17	55	25	35	26	27	(87)				
Co-Workers	E_2	24	27	25	19	33	32	27	19	22	41	(88)			
ERG															
Existence	A_3	19	18	14	12	21	18	22	48	21	31	25	(43)		
Relatedness	B_3	36	35	29	25	51	28	35	21	33	63	45	37	(79)	
Growth	C_3	31	14	17	28	27	14	56	13	44	28	22	16	38	(66)

Note: decimals omitted. JDI internal consistency estimates from Smith, et al (1969, p. 76).

Climate/Satisfaction - Group Level Analyses

The first hypothesis suggested that people would agree more on climate perceptions than on satisfaction across a set of organizations. Tables 2 and 3 present one way of testing this hypothesis; they indicate between-position agreement for the climate and satisfaction scales respectively. These data were obtained by taking the average scale score in each agency for each position and correlating across the 50 agencies. Table 2, interposition agreement on climate, has three times as many (3 in 10) positive significant correlations as Table 3 (1 in 10), interposition agreement on satisfaction.

Insert Table 2 and 3 about here

Table 2 shows that staff and Atee 1, and Atee 1 and Atee 2, agree on the climate of the agency fairly well. Managers and Atee 1 tend to agree. The major disagreements concern secstens who tend to perceive the agency in significantly opposite ways to managers, staff and Atee 2. The consistent pattern of relationships in Table 3 suggests negative correlations between managers and Atee 2. Based on these data, hypothesis one receives some, but not strong, support. This is especially true given that previous climate studies have generally failed to show strong relationships between even climate perceptions (Schneider, 1972; Schneider & Bartlett, 1970).

A second approach to testing the agreement hypothesis was attempted. This approach assumed that agreement on climate perceptions can be interpreted as resulting in low variance between organizational members. If low variance between members in climate perceptions exists then pooling perceptions in the agency should yield an average perception which has low variance. Conversely, the pooling of satisfaction perceptions should result in higher variance.

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Table 2

Interposition Agreement on Climate Perceptions

Positions	Morale	Concern	Structure	Autonomy	Support	Harmony
Manager/Staff	-01	-02	24+	09	03	-06
Manager/Atee 1	18	24+	12	37*	14	12
Manager/Atee 2	-22+	18	13	25+	-06	-25+
Manager/Secsten	-25+	18	22+	-07	-15	-25+
Staff/Atee 1	32*	31*	32*	37*	-03	57**
Staff/Atee 2	37*	-09	06	09	09	26*
Staff/Secsten	-27+	-01	-08	-12	-24+	24+
Atee 1/Atee 2	40**	34*	09	39*	30*	-14
Atee 1/Secsten	16	05	-15	-02	22+	15
Atee 2/Secsten	-28*	-31*	-11	-10	-27+	25+

\+ $p < .10$
* $p < .05$
** $p < .01$

Table 3

Interposition Agreement on Job Satisfaction

	Work	Pay	Promot Oppty	Supervision	Co-Worker	E	R	G
Manager/Staff	.19	-.09	.19	.20	.01	.23+	.23+	.13
Manager/Atee 1	.21	-.16	.18	.08	.09	-.10	.04	.23+
Manager/Atee 2	-.53**	.16	.14	-.17	-.34*	.03	-.37*	.04
Manager/Secsten	-.04	-.22	.09	-.13	.30*	.08	-.05	.26+
Staff/Atee 1	-.05	.14	.16	-.10	.02	.28*	.27*	.09
Staff/Atee 2	-.13	.20	.05	.06	.03	-.02	.13	-.12
Staff/Secsten	-.08	-.08	-.01	.35*	.07	.19	.06	-.15
Atee 1/Atee 2	.07	-.35	-.21	-.01	.16	.02	.10	-.28*
Atee 1/Secsten	-.34*	-.05	.14	.11	.08	-.09	-.02	-.04
Atee 2/Secsten	-.06	.12	.18	-.18	-.31*	.11	-.09	.34*

\+ $p < .10$
* $p < .05$
** $p < .01$

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To test this hypothesis all climate and satisfaction scale scores were converted to z-scores across all subjects. This was necessary because of the differences in scale values on the different parts of the questionnaire. Then within each agency, and for each position, average scores and standard deviations were calculated (except for managers because there is only one manager and, of course, whenever only one person represented a position no scale score was calculated). For each scale the standard deviation of the average agency response was in turn averaged across as many agencies as there were in which a standard deviation was calculated. Then the average across all scale scores for each position was calculated and finally the average across all positions was determined. This last average was calculated by taking into account the number of agencies represented for each position (N = 43 for staff, 36 for atee 1, 7 for atee 2 and 21 for secsten). The triple averages arrived at were:

Climate = .813

JDI = .847

ERG = .836

In the predicted direction but clearly not strong.

The second hypothesis suggested that there was no necessary relationship between climate and satisfaction. Data to test this hypothesis are presented in Table 4. This Table reports only results for climate and JDI since the pattern of relationships is similar for both satisfaction measures. All data are calculated at the agency level, by position.

Insert Table 4 about here

This table reveals that for the positions of manager and secsten, climate and satisfaction are generally not correlated; for staff, atee 1 and atee 2 correlations as high as .70 may be found but this is rare. It should be

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Table 4

Climate/Satisfaction (JDI) Correlations

By Position

	Climate					
	Morale	Concern	Structure	Autonomy	Support	Harmony
JDI	(Managers, N = 45 Agencies)					
Work	-01	-22	01	01	-03	34*
Pay	17	-13	03	02	12	06
Promotion	-08	06	10	-14	01	25+
Supervision	-05	-13	27+	-19	04	16
Co-Workers	09	-02	23	01	26+	08
	(Staff, N = 50 Agencies)					
Work	32*	45**	44**	36**	14	09
Pay	40**	13	17	05	41**	01
Promotion	14	41**	41**	29*	20	13
Supervision	35*	41**	48**	22	78**	28*
Co-Workers	20	39**	46**	32*	28*	24+
	(Atee 1, N = 47 Agencies)					
Work	20	-01	03	21	10	15
Pay	19	24+	11	-02	06	-07
Promotion	10	32*	28*	24+	02	10
Supervision	42**	52**	35**	44**	71**	35**
Co-Workers	17	19	29*	16	39**	43**

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Table 4 (contd.)

	Climate					
	Morale	Concern	Structure	Autonomy	Support	Harmony
JDI			(Atee 2, N = 27 Agencies)			
Work	10	44*	11	43*	26	41*
Pay	42*	31	16	39*	06	-10
Promotion	29	29	26	52**	38*	66**
Supervision	24	66**	29	51**	71**	34+
Co-Worker	27	70**	42*	41*	57**	27
			(Secsten, N = 42 Agencies)			
Work	-07	04	-23	06	05	02
Pay	07	-10	25	-05	-06	-13
Promotion	02	26+	-15	06	16	00
Supervision	26+	11	-20	08	41**	-10
Co-Workers	40**	14	00	29+	47**	19

\+ $p < .10$

* $p < .05$

** $p < .01$

remembered also that these correlations are based on pooled data for an agency. At the individual level of analysis these correlations were shown to be lower by .15 - .20 (of course, manager data are already at the individual level of analysis). Hypothesis two receives support; for some positions climate and satisfaction are correlated, for others they are not. This finding will be discussed further in the discussion of results.

To this point, the focus has been on relationships expressed as correlation coefficients. Readers may also be interested in differences between positions expressed as scale score means. These data offer another opportunity to examine the relationship between satisfaction and climate perceptions. Thus we can compare the amount of different characteristics people in different positions perceive in their organization and compare this to the general levels of satisfaction for those same people. Table 5 presents means, standard deviations, results of one-way analysis of variance, and results of the Scheffe multiple comparison procedure for the climate scales and the JDI dimensions, by position. ERG data are not presented since they were essentially the same as JDI; that is, Growth behaved like Promotion, Relatedness like Supervision and Co-Workers (except that atee 1 were significantly more satisfied than staff) but Existence revealed only a significant overall F.

Insert Table 5 about here

These data very interestingly reveal no significant differences between positions on the two interpersonal dimensions of the JDI. At the same time, five of the six climate dimensions show significant differences. This is interesting because the climate measure was designed to reveal gross organizational condition differences of these kinds if they exist while the JDI was constructed to reveal differences in personal feelings if they exist.

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Table 5

Means, Standard Deviations and Tests of Significance

Between Positions for Climate and JDI

	Manager (N = 45)		Staff (N=209)		Atee 1 (N=146)		Atee 2 (N=43)		Secsten (N=79)		F	p<	Scheffé Multiple Comparison
	$\bar{x}$	σ	$\bar{x}$	σ	$\bar{x}$	σ	$\bar{x}$	σ	$\bar{x}$	σ			
Climate													
Morale	3.49	.45	3.45	.64	3.55	.60	3.50	.61	3.66	.73	1.74	.14	n.s.
Concern	3.76	.71	3.76	.75	3.41	.99	3.37	.74	4.17	.67	13.44	.01	Secsten > Atee 1 and Atee 2
Structure	2.77	.57	2.77	.62	2.93	.67	2.75	.71	3.02	.70	3.11	.02	n.s.
Autonomy	4.12	.53	3.96	.63	3.46	.72	3.69	.63	3.96	.65	17.23	.01	Atee 1 < Staff, Secsten, Mgr; Atee 2 < Mgr.
Support	4.34	.53	3.96	.77	3.86	.84	3.99	.75	4.34	.64	8.18	.01	Atee 1 < Secsten, Mgr.
Harmony	3.68	.58	3.45	.72	3.84	.75	3.99	.77	3.66	.76	8.78	.01	Staff < Atee 1 and Atee 2
JDI													
Work	3.35	.29	3.20	.44	3.28	.32	3.43	.34	3.08	.55	6.87	.01	Secsten < Atee 1, Mgr. and Atee 2; Staff < Atee 2
Pay	2.44	.90	2.18	.74	2.57	.86	2.67	.83	2.14	.81	8.19	.01	Secsten < Atee 1, Atee 2; Staff < Atee 1, Atee 2.
Promotion	3.13	.86	3.01	.89	3.23	.84	3.10	.87	2.15	.88	21.49	.01	Secsten < all others
Supervision	3.33	.57	3.35	.66	3.50	.55	3.43	.66	3.50	.69	1.79	.13	n.s.
Co-Workers	3.57	.42	3.48	.54	3.52	.52	3.58	.54	3.58	.54	.79	.53	n.s.

Apparently, differences in the interpersonal conditions of work do exist for people in different positions but these perceived differences are not reflected in differences in interpersonal satisfaction.

This is not to say that the JDI fails to reveal interposition differences; the largest F (21.49, $p<.00001$) is for promotion satisfaction with secstens significantly less satisfied than people in all other positions. The largest climate difference is for Autonomy ($F = 17.23$, $p<.00001$) in which agent trainees perceive agents to have less autonomy than managers perceive agents have.

Summary - Climate and Satisfaction

Correlations between climate and satisfaction at the individual level of analysis suggested that climate and satisfaction were different constructs. Between-position correlations revealed three times more positive correlations for climate than for satisfaction. Within-position intercorrelations of climate and satisfaction revealed that for two of five positions there were negligible relationships. Analyses of variance across positions revealed consistent climate differences but no significant F's were found for the two JDI interpersonal satisfaction scales. These data suggest that climate measures may be useful in identifying aspects of the work world which satisfaction measures are not designed to assess. In particular, group and organizational differences may be more differentiable on the basis of measures designed to reveal organizational differences than on the basis of satisfaction measures which are designed to reveal individual differences.

Stability and Relationships Among Other Indices

The temporal reliability of the other indices of organizational effectiveness were:

1. Agency Ratings: interrater reliability (6 raters), $\bar{r}$ = .60; retest reliability (15 months) of the sum of the six raters, r_{tt} = .89.

2. Gross volume. Data available for five years; average interyear correlation = .90. Data in all future analyses will be 1970 paid premiums.

3. Achieving production. Data available for three years; average inter-year correlation = .07. This index, important as it apparently was meant to be, was dropped from further analyses because of its lack of reliability.

4. Achieving appointment. Data on the national competition were available for three years with average inter-year correlation = .33. Data for the three years were summed. The sum, projected through the Spearman-Brown formula, has an internal consistency reliability estimate of .60.

Additional indices of appointment and retention success all had temporal reliabilities below .10 and were dropped from further analysis.

5. Agency turnover. Turnover data for the agencies are of unknown reliability. For each agency the proportion of staff, atee 1 and secsten remaining one year after the survey questionnaire was completed represent the data. They are referred to as Staff % stay, Atee 1 % stay and Secsten % stay.

6. Average volume. Same reliability as gross volume.

Table 6 presents the intercorrelations of these indices of organizational effectiveness.

Insert Table 6 about here

Table 6 suggests the agency ratings are strongly related to the size of the agency, as revealed by the correlation of .62 ($p < .01$) between size and agency ratings. Specifically, ratings are correlated .59 ($p < .01$) with gross volume and .30 ($p < .05$) with achieving appointment. These ratings are negatively correlated with Secsten % stay ($r = -.32$, $p < .05$).

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Table 6

Intercorrelations of Other Indices of
Organizational Effectiveness
and Size of Agency

		AR	GV	AA	St%	At%	Se%	AV
Agency Ratings	AR	-						
Gross Volume	GV	59**	-					
Achieving Appointment	AA	30*	30*	-				
Staff - % Stay	St%	08	-11	19	-			
Atee 1 - % Stay	At%	-14	-42*	04	01	-		
Secsten - % Stay	Se%	-32*	-24+	-20	-22+	23+	-	
Average Volume	AV	12	42**	00	-04	-03	-18	-
Size of Agency		62**	74**	28*	-09	-37*	-38*	-18

+ $p < .10$
* $p < .05$
** $p < .01$

Note: Some correlations of the same apparent size do not reach the same levels of significance due to changes in sample size.

Decimals have been omitted.

Gross volume in turn is positively correlated with achieving appointment ($r = .30$, $p < .05$) but negatively correlated with Atee 1 % stay ($r = -.42$, $p < .05$) and secsten % stay ($r = -.24$, $p < .10$). Since both achieving appointment and % stay represent turnover figures, the differences in the signs of the correlations were suspect. However, the sign differences were also reflected in correlations with size; achieving appointment is correlated .28 ($p < .05$) with size while Atee 1 % stay and secsten % stay are correlated -.37 and -.38 (both $p < .05$), respectively with size.

The problem reduces to one of the method used for calculating agency standing in the achieving appointment competition. Briefly stated, the agency making the largest number of appointments receives the highest ranking if about half or more of the appointments are retained. The problem is that the competition is on a calendar year basis so that the agency making the largest number of appointments late in the calendar year will also retain the largest number and thus score well in the competition.

In summary, these data suggest that agencies rated higher by company officers are larger, produce more gross volume, appoint more new agents and have higher secsten turnover. In turn, larger agencies have higher Atee 1 and secsten turnover. Agency ratings are unrelated ($r = .12$, n.s.) to average volume, but gross and average volume are significantly correlated ($r = .42$, $p < .01$).

Relationships Between All Measures

Table 7 presents a summary of the correlations between the measures.[6] Presented are all correlations reaching a level of statistical significance of $p < .10$; 72 such correlations are indicated out of a possible 490 (14 employee perception scales x 7 other indices x 5 positions. Given only 15 percent significant relationships, the first conclusion is that the inter-

correlations are not strong between these different kinds of measures.

Insert Table 7 about here

A more specific summary may be presented by taking each "other" index and examining its employee perception correlates. We shall discuss those situations in which two or more significant correlations from a particular position were revealed:

1. Agency Ratings. Manager Pay and Existence Satisfaction and perceptions of high agency morale are positively related to Agency Ratings. Secsten perceptions of low Morale and low Structure as well as low Relatedness satisfaction are correlated with high Agency Ratings.

2. Gross Volume. Almost the same pattern of relationships as reported for Agency Ratings: Manager perceptions of high Morale and reported high satisfaction with Pay and Existence; Secsten low Relatedness and also low Pay satisfaction.

3. Achieving Appointment. Manager perceptions of low Structure and low Autonomy, as well as high Growth satisfaction relate significantly to high standings in the appointment and retention of new agents. Very consistent atee l satisfaction correlates of Achieving Appointment were found: low Pay, Promotion, Supervision and Co-Worker satisfaction are correlated with high Achieving Potential. For unknown reasons high Existence satisfaction correlates with high Achieving Potential; this reversal in sign between Pay and Existence suggests the generally low correlations (.25 -.35) revealed in these analyses.

4. Staff % Stay. High levels of Staff satisfaction on 5 of 8 satisfaction dimensions are positively related to Staff retention: Work, Supervision, Co-Workers, Existence, Growth; perceived high Morale is similarly related to Staff retention. However high staff retention rates are correlated

Table 7

Significant Correlations Between Measures

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Perceptions	Agency Ratings	Gross Volume	Achieving Appointment	Staff % Stay	Atee 1 % Stay	Secsten % Stay	Average Volume
Other Indices							
Climate							
Morale	a,-e	a		b	b		
Concern				-c		a	
Structure	-e	-b	-a,-c	-c		c	
Autonomy		c	-a	e			
Support					a	a,c,d	a
Harmony	-c				a	c	
JDI							
Work			b	b		-b	d,e
Pay	a	a,-c,-e	-c,-d		c,e		-b,d
Promotion			-c,e			d	
Supervision			-c	b,-c		c,d	
Co-Workers			-c	b,-c		c,d	d
ERG							
Existence	a	a	c	b	d		-c
Relatedness	-e	-e		-d	c	d	-e
Growth	d		a	b,-d		d	b

Note: a = Managers; b = Staff; c = Atee 1; d = Atee 2; e = Secsten.
If minus (e.g. -a) this indicates a negative significant correlation.

with perceptions of atee 1 of low Concern and low Structure as well as low Supervision and Co-Worker satisfaction.

5. Atee 1 % Stay. Manager perceptions of high Support and Harmony and atee 1 high satisfaction with Pay and Relatedness are correlated with high atee 1 retention. These are opposite to the kinds of relationships found with Achieving Appointment.

6. Secsten % Stay. Manager perceptions of high Concern and high Support and atee 1 perceptions of high Structure, Support and Harmony correlate with Secsten retention. In the satisfaction domain, high atee 1 Supervision and Co-Worker, Relatedness and Growth satisfaction are correlates of Secsten retention. Secsten perceptions do not relate to Secsten retention.

7. Average Volume. High atee 2 satisfaction with Work, Pay and Co-Worker as well as high Secsten satisfaction with Work and low satisfaction with Relatedness are correlated with high Average Volume.

Summary

Clearly, the satisfaction scales were more consistent correlates of the other organizational indices than climate was. The employee perception scale with the most numerous significant "other" correlations was Pay satisfaction with 10; no other employee perception had more than 6. The "other" indices of organizational effectiveness most consistently related to employee perceptions were Achieving Appointment, Staff % Stay and Secsten % Stay. Secsten % Stay was positively related to Atee 1 and Atee 2 satisfaction; Achieving Appointment and Staff % Stay were negatively related to Atee 1 satisfaction; and, Staff % Stay was positively related to Staff satisfaction. Patterns of correlations between employee perceptions and the other organizational effectiveness indices were inconsistent. Generally, then, as in previous studies involving satisfaction, production and turnover at the individual level of

analysis, in the present study using the role as the unit of analysis, satisfaction and turnover rather than satisfaction and production were consistently related.

Discussion

General Summary

We began by showing that there was more between-position agreement on climate perceptions than on satisfaction. Then it was shown that for Managers and Secstens the relationship between climate and satisfaction was quite low, but for Staff, atee 1 and atee 2 the relationship was strong and consistent. This was especially true for the climate scales and the interpersonally oriented satisfaction dimensions. While in a correlational sense across organizations there were lower between-position relationships for satisfaction than climate, when data for positions were pooled across agencies, there were more between position differences on climate than on satisfaction especially for the interpersonal dimensions. These results are not incompatible.

The between-position, across agencies, correlations deal with data regardless of level; the between-position mean differences fail to consider the individual agency and are only concerned with level of the perception or satisfaction rather than covariation within agencies. These findings were one more indication that climate and satisfaction are not necessarily correlated, albeit an unexpected finding.

Turning to the "other" indices of organizational effectiveness it was shown that a number of "hard" indices were (a) either unreliable or (b) reliable but not valid as an index of what it was supposed to represent. Thus Achieving Objectives was shown to have no temporal reliability and a high rating on Achieving Appointment was shown to be dependent upon an agency making a large number of late-in-the-year appointments of new agents. It was

also shown that Achieving Appointment was negatively related to retention; this makes sense because an agency that loses a number of people must make more appointments than one which retains its people (especially Atee 1). The policy of agency raters was shown to be largely a function of agency size - Gross Volume (compared to Average Volume) and Achieving Appointment (compared to the various calculated indices of turnover). Further, retention of Atee 1 and Secsten were shown to be negatively correlated with size; larger agencies and higher Gross Volume (but not Average Volume) agencies lose more Atee 1 and Secsten.

Agency Ratings were essentially unrelated to employee perceptions of their agency and employee satisfaction; Staff satisfaction, however, was positively related to staff retention; Atee 1 satisfaction was negatively related to staff retention and Achieving Appointment but positively related to Secsten retention; and Atee 2 satisfaction was also positively correlated with Secsten retention.

A Focal Position - Atee 1

Notice that the three positions' satisfaction most consistently correlated with various turnover indices were also those most strongly related to perceptions of climate (Staff, Atee 1 and Atee 2). Note also (Table 7)that it is precisely in the interpersonal satisfaction area (JDI scales Supervision and Co-Worker) that the most consistent correlations with turnover occur. In addition turnover is not necessarily predicted by the satisfaction of the group that leaves; both Staff and Secsten turnover are predicted by Atee 1 satisfaction. Indeed further inspection of Table 7 shows that Atee 1 perceptions and satisfaction account for almost twice as many significant correlations against turnover criteria (including Achieving Appointment) as any other position's perceptions and satisfaction.

In searching for an explanation of these findings Table 2 suggested a potential answer. Table 2 reveals that the only position having positive and significant climate perception correlations with all other positions is Atee 1; the average (after Z - transformation) of all Atee 1 perceptions with other positions is .21 and only the Atee 1 - Secsten agreement is poor ($\bar{r}$ = .07). In a sense it looks like the one set of perceptions that most adequately represents the agency is the set belonging to Atee 1. Those familiar with the development of the ACQ will not find this surprising. The ACQ was designed to reflect the conditions existing in life insurance agencies for new agent trainees (Schneider & Bartlett, 1968).

In the position of fulcrum or center point of the agency, perhaps Atee 1's serve as a focus of attention from all other parties and, as such, gain a broader perspective on the characteristic operating patterns of the organization. Because of their unique position as a target or focus of attention from all other people in the agency, the extent to which Atee 1 people are satisfied with the conditions that exist in the agency may in fact represent their sense of the more general tenor or prevailing sense of satisfaction and eventual turnover of others as well. Such a conclusion requires us to again consider the climate-satisfaction relationship.

The Climate - Satisfaction Relationship: Some Implications for Research and Organization Change

In this study, organizational climate was conceptualized as perceptions that are descriptive of the conditions in the work environment concerning the behaviors of the organizational members. Satisfaction, on the other hand, was conceptualized as an evaluation of conditions existing on the job, or outcomes that arise as a result of having a job, with reference to an internal standard or frame of reference. It is clearly not enough to make such a

logical distinction as this between the two. Other, further steps should be taken in order to minimize some deterrents to the clarity of this distinction.

In particular we are concerned with the frame of reference of the items (descriptive vs. evaluative) and the unit of analysis used in developing the measure. Thus, for example, had we employed climate and satisfaction measures in the present research which were carefully developed to fit the descriptive/evaluative, individual/organizational problems we have identified, we suspect that stronger support for the two hypotheses would have been found. As it is, even with "bootlegged" measures, clear indications that climate and satisfaction do not behave the same way were found.

Item Selection. Typically, items used in measures of organizational climate have similar selection histories. Items are usually brainstormed or borrowed from other climate or satisfaction measures and placed in an item pool which is then validated on a group of employees from one organization or another. Through one item analysis procedure or other, those items which cluster in terms of their intercorrelations are then separated out into internally consistent scales (Campbell, et al., 1970). This measure of "Organizational climate", though validated in the sense of discriminating the climate perceptions of one person from another person, is interpreted as discriminating between the climates of organizations.

Unit of Analysis. If the conceptual distinction between organizational climate and satisfaction is to be maintained in the development stage of these measures, then the appropriate level of analysis for the development of a climate measure is not the individual level; rather it is the organizational level. Climate measures must be developed and validated with respect to differentiating between organizations, not between individuals. That is, scale development and item selection procedures for measures of climate must take

specific steps to maximize instrument sensitivity to organizational differences. In any case, if one conceptualizes climate as the property of an organization, even with instruments not designed as we have suggested above, the appropriate unit of analysis is the organization (Schneider, 1974).

Organization Change. We have shown that there may be central people in organizations whose climate perceptions are correlated with those of people in other positions. This does not mean that the level of the perceptions will be the same as others. For some people the more conditions for interpersonal relationships they perceive, the higher their levels of job satisfaction; this satisfaction may predict retention of diverse organization members. If people agree on climate perceptions because of their relatively descriptive nature, such descriptiveness may provide a first approximation of the kinds of changes an organization may engage in to change member satisfaction and member retention. Such increased retention, our criterion analysis indicated (see Table 7), will not result in negative Agency Ratings or Volume. Thus, while size was positively correlated with ratings and gross volume but negatively correlated with retention, satisfaction was generally unrelated to production and volume but positively related to retention.

Our data clearly suggest that indiscriminant organizational change will probably not be reflected in increased satisfaction for all organizational members. Thus the lack of consistent relationships between organizational perceptions and satisfaction for managers and secstens suggests that their satisfaction is tied to other elements of the organization not measured here (e.g. reward orientation of the agency).

In any event the finding that satisfaction and climate were strongly related for three positions indicates the idea that measured organizational attributes can be reflected in organizational member satisfaction. One may

surmise that certain organizational conditions are desirable for particular employees because they derive satisfaction from the presence of the condition. This leads to the conclusion that organizational conditions, as well as a personal sense of positive affect, may take on valence. As Vroom (1964, p. 15) has noted: "... at any given point in time, a person has preferences among outcomes or states of nature" (italics not in original). These states of nature, what we have called organizational conditions, may, in Vroom's terminology, attain positive valence because they are perceived to be instrumental for the attainment of other desirable outcomes.

When a state of nature has positive valence, it can be assumed that the person believes it is instrumental for the attainment of other outcomes. However, it cannot further be assumed that the attainment of the state of nature will actually result in satisfaction. Returning to Vroom (1964) again, one finds the important distinction between valence (anticipated satisfaction from attaining an outcome) and value (the actual satisfaction an outcome provides). Managers and secstens may attach great valence to organizational conditions but the attainment of those conditions may not result in satisfaction. It follows that two final important reasons for assessing both climate and satisfaction data are: (a) simply knowing how satisfied people are may not inform the researcher about the source of the satisfaction and, (b) knowing the conditions to which people attach positive valence and knowing whether or not the conditions exist will not necessarily inform the researcher about the level of satisfaction of organizational members.

Conclusion

The evidence presented in this paper argues very strongly against equating satisfaction and climate: (1) only for some people and only under some conditions are the two kinds of perceptions correlated across organizations; (2)

across organizations people in different positions agree more on climate than on satisfaction; (3) across positions people agree more on interpersonal satisfaction than on climate; (4) satisfaction predicts organizational turnover much more consistently than climate; (5) neither kind of perception relates to organizational production. Climate and satisfaction simply seem to behave differently; they should thus be researched as independent phenomena but they should be researched concurrently, especially when turnover is a criterion of interest. Regarding criteria, no further comment seems to be required regarding the obvious fact that various important indices of organizational effectiveness are not necessarily related.

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Footnotes

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2. At this writing Visiting Fulbright Associate Professor of Industrial Psychology, Bar-Ilan University, Ramat-Gan, Israel.

3. In addition to Payne (1973) questioning the strength of Johanneson's (1973) findings, we question whether his measures were different to begin with. Both the SRA Employee Inventory (his measure of satisfaction) and the climate measure he used had the same item history. We had 10 experts judge his climate items and the SRA satisfaction items for their descriptiveness and evaluativeness and they were unable to make the distinction. In addition, of course, he analyzed his data on individuals, not organizations.

4. Atee 1 were being trained in the agency they were asked to describe; Atee 2 were being trained in an agency other than the one they were asked to describe although they were officially attached to the described agency. Also note that the sample of agencies and employees is the same as the one in Schneider & Alderfer (1973) but different from all other previous papers using the ACQ.

5. The underlined names appear in the tables.

6. The complete matrices are available on request from the senior author.

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